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TAGS: [PREL](#) [PGOV](#) [ECON](#) [FR](#) [EUN](#)

SUBJECT: FRANCE IN EUROPE: WHAT'S AT STAKE IN THE MAY 29 REFERENDUM

REF: A. PARIS 3659

[1](#)B. BRUSSELS 1556

Classified By: Charge d'affaires Alex Wolff for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: Whether they accept or reject the draft EU constitution three days from now, French voters May 29 will have a major effect on their country's ability to influence the course of EU policy, and the future of the European Union. Win or lose, Jacques Chirac is unlikely to give up his ambitions for France in Europe. A yes would help him maintain French credibility as a natural leader within the EU. A no will likely see more aggressive French attempts to force policy initiatives through by leading "core groups," although with less credibility than at present. Ironically, the referendum campaign's focus on domestic politics and voter discontent with social and economic conditions, and the country's political elite, has diverted attention from the vote's implications for Europe and France's self-assigned place at its center. Ref. A explores the implications of the May 29 vote for the French at home. End summary.

If it's yes

[1](#)2. (C) If voters May 29 decide to prove the pollsters and the majority of pundits wrong by accepting the constitution, they will validate what European Studies professor and commentator Sylvie Goulard describes as the historical advance of the European project with France at its center. More direct, President Chirac May 19, flanked by German Chancellor Schroeder and Polish President Kwasniewski, said that "the future of our country and of our children is at stake" in the vote. "France must have the ambition to remain one of the principal engines of the European construction."

[1](#)3. (C) With Germany's upper house expected to complete the ratification process on May 27, joining Spain and others in the ranks of those who have delivered on their leaders' commitments, France sees its principal EU partners as having already successfully ferried across the ratification divide. If France votes yes, Chirac can confidently take his accustomed place beside Schroeder and Spanish Prime Minister Zapatero, and among the EU founding six (depending on the Dutch outcome) as the prime movers of European integration. Moreover, France will have boosted its credibility with the EU's ten newest members. As noted by Robert Schuman Foundation Chairman Jean-Dominique Giuliani, the ten are skeptical about France's commitment to EU solidarity and scandalized by the domestic debate's fear-mongering about the EU constitution's promotion of job flight to eastern Europe and the eventual influx of cheap labor from the new member states.

[1](#)4. (C) A yes vote will also strengthen France's ability to achieve its objectives in the important negotiations over the EU's 2007-2013 budget. France hopes to preserve the advantages its farmers derive from the Common Agricultural Policy (CAP), eliminate the British rebate and team with Germany and other net contributors to hold the projected increase in spending to 1 percent of combined EU member GDP, against the wishes of the Commission and the new member states for a larger increase. Strengthened by a yes vote on the constitution, Chirac could proceed confidently to enlist his close partners' support and cut the deals necessary to achieve his objectives, at least in theory.

[1](#)5. (C) Sciences Po professor Goulard sees Turkey's presence at the heart of the referendum campaign as more than an expression of fears and opposition among the extreme right over the entry of a large Muslim country into the EU. That is certainly present, but so is a sense that Chirac and other EU leaders went forward with the most recent, 10-member enlargement without any recourse to voters. Chirac is thus held responsible for the consequences of the enlargement, real or imaginary, including "delocalization" or outsourcing of jobs to the east, and a sense that the EU may be losing its way and purpose with each successive enlargement. Chirac has done what he can to address those concerns and prevent them from translating into a no vote on May 29. He has done this by promising an eventual referendum on Turkish membership and enacting legislation making referendums mandatory for any future enlargements after those of Romania and Bulgaria in 2007. That said, the view here is that no

matter what the outcome, the referendum debate has revealed a pervasive unease with enlargement and resentment over being excluded from enlargement decisions. Hence, France is likely to adopt a more skeptical stance on future enlargements and negotiations with Turkey.

If it's no

16. (C) If, on the other hand, voters confirm the trend toward no which the 11 most recent public opinion polls indicate and which most analysts believe will occur, rejection of the draft constitution by France will very probably eliminate any chance of its coming into force in its current form. Having chosen to put the draft to the voters in a referendum, the French government cannot later resort to parliamentary ratification, nor can Chirac and his government ignore the message of a no. The EU has successfully dealt with no votes on other treaties, for example the initial rejection and subsequent re-votes and acceptance of the Maastricht treaty by Denmark in 1992 and the Nice treaty by Ireland in 2001. However, analysts agree that the fixes found in these cases, an opt-out clause for Denmark and assurances on its neutrality for Ireland, do not offer a precedent for a viable solution for France. If the no prevails, it will be for such a multiplicity of reasons in France that neither model would suffice.

17. (C) That leaves the possibility of a renegotiation of the treaty, which proponents of the current draft have labeled the siren song of the no side. Superficially, the idea of a new negotiation to address French concerns on social issues may seem attractive, European Affairs Minister Claudie Haignere wrote recently, but in reality, there would be almost no chance of persuading France's partners to reopen the text, which many of them would have approved. Moreover, starting at a disadvantage, France would be very hard pressed to negotiate a better deal than the one it now has. "There, we move from the improbable to the impossible," Haignere wrote. "If we reopen the negotiations, our partners will put back on the table all of the concessions they had to make," Haignere continued. "The incorporation of the Charter of Fundamental Rights, the pride of place of social issues and the recognition of public services, the cultural exception, the Council voting rules that favor large countries like France, the secular nature of the constitution," will have to be negotiated again, "and we will be negotiating from a position of weakness."

18. (C) Without question, a no vote on Sunday would reduce French influence in Europe and its ability to affect the direction of policy for a significant period. Chirac, in exhorting fellow citizens to avoid this fate, stated bluntly that "France will cease to exist politically in the heart of Europe" if the answer is no on May 29. A French no would immediately call into question the continued viability of the Franco-German partnership and the central position of the founding six (possibly further to be weakened by a Dutch no June 1). Europe Minister Haignere reminded voters that there is nothing pre-ordained about France's place in the center of decision-making in Europe. "This idea ... is an illusion ... that Europe turns around France like the earth around the sun," Haignere wrote. "Our country's role has always been central, but France counts in Europe only as much as it is a force for initiative." That power would be greatly diminished by a no vote.

19. (C) Unwilling to accept a place of lesser influence in EU councils to which a no vote would relegate him, Chirac would very likely aggressively push small group initiatives with France at the helm. Such core group initiatives are foreseen by the Nice Treaty (although the constitution would make their genesis easier). The difficulty for Chirac and France will be that a no will greatly erode their credibility with EU partners. And because it will remain one of the most militarily capable and diplomatically active EU member states, few Common Foreign and Security Policy initiatives could successfully be mounted without France. "A no would be catastrophic for our influence," Sciences Po Professor Goulard summed up. "It would be immediately interpreted as the abandonment by France of the European project that it has promoted since its origins: that of a politically strong entity, organized, and capable of making itself heard in the world." Already viewed with skepticism by the EU's new member states, a no would likely brand France an unreliable partner in their eyes, reinforcing their tendency to see the U.S. and NATO as the preferred guarantors of security. In consequence, European Security and Defense Policy would be dealt a set-back.

10. (C) It is another of the ironies of the referendum campaign that by convincingly casting the constitution as an "ultra-liberal" vehicle for free-marketeers, the no side may well undermine France's ability to prevail in negotiations that will affect subsidies to farmers and potentially raise the cost of France's participation in the EU. Former Europe

Minister and present Socialist Party International Affairs advisor Pierre Moscovici has noted that in addition to making it much more difficult for France to achieve its aims in the budget negotiation, a no from France would deprive the EU of "a series of possibilities in terms of economic governance." Europe needs, among other things, "a Central European Bank -- that must remain independent -- which is a real economic power endowed with budgetary means and thus able to lead a Keynesian policy for relaunching the economy," Moscovici contends. "The constitution supplies the first arms for going in that direction, notably in institutionalizing the Eurogroup (of euro currency nations)." By attacking the constitution as a tool for big business and free-marketeers, anti-constitution forces in the PS are making more difficult the kind of concerted economic policy needed to address chronic unemployment and lack of growth, another negative outcome of a no vote May 29. Moreover, investor confidence in Europe will be weakened and the decline in the value of the euro, already noticable in response to the possibility of a French no, will be confirmed.

11. (C) Finally, one of the messages French voters will send with a no has to do with their concern over the current 10-country enlargement, and their fear of future enlargement, especially the entry of Turkey. That is a message that no French government can afford to ignore, which makes it likely that France will move far more cautiously on all future enlargement decisions. "It is the impact of enlargement on domestic French policy and on the EU itself that is fueling French people's discontent," European affairs commentator Goulard wrote recently in the Financial Times. "Some worry about 'delocalisation' -- outsourcing -- social dumping and unfair competition, and denounce the consequences of the last wave of enlargement. Others fear the next waves -- Turkey and beyond -- will make the birth of a politically coherent European entity impossible."

WOLFF